

Hearing Date: To be noticed at a later date  
Objection Deadline: To be noticed at a later date

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*Special California Litigation Counsel to the  
Debtors and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re

RESIDENTIAL CAPITAL, LLC, et al.,

Debtors.

Case No. 12-12020 (MG)

Chapter 11

Jointly Administered

**SUMMARY OF FINAL APPLICATION OF SEVERSON & WERSON, P.C. AS  
SPECIAL CALIFORNIA LITIGATION COUNSEL FOR DEBTORS FOR  
ALLOWANCE OF PRIOR INTERIM FEES AND EXPENSES (FROM MAY 14, 2012  
THROUGH AUGUST 31, 2013) ON A FINAL BASIS AND FOR COMPENSATION AND  
REIMBURSEMENT OF EXPENSES INCURRED FOR THE  
TIME PERIOD BETWEEN SEPTEMBER 1, 2013 THROUGH DECEMBER 17, 2013**

This is a(n):   \_\_\_ monthly       \_\_\_ interim    \_X\_ final application.

Name of Applicant:	Severson & Werson, P.C. (“ <b>Applicant</b> ”)
Authorized to Provide Professional Services to:	Residential Capital, LLC, <i>et al.</i> (collectively, the “ <b>Debtors</b> ”)
Date of Retention:	Order entered on July 25, 2012 retaining Applicant <i>nunc pro tunc</i> to May 14, 2012
Period for which Compensation and Reimbursement is sought:	September 1, 2013 through December 17, 2013 (the “ <b>Final Application Period</b> ”)  May 14, 2012 through December 17, 2013 (the “ <b>Aggregate Compensation Period</b> ”)
Amount of Compensation Sought as Actual, Reasonable and Necessary:	Final Application Period: \$165,671.55  Aggregate Compensation Period: \$3,321,340.39
Amount of Expense Reimbursement Sought as Actual, Reasonable and Necessary:	Final Application Period: \$12,386.44  Aggregate Compensation Period: \$297,513.49

**Summary of Monthly Statements for Final Application Period:**

<b>Date Served</b>	<b>Compensation Period</b>	<b>Requested Fees</b>	<b>Requested Expenses</b>	<b>Fees Paid</b>	<b>Expenses Paid</b>	<b>20% Holdback</b>
11/01/13	09/01/13 – 09/30/13	\$71,644.05	\$6,073.33	\$57,315.24	\$6,073.33	\$14,328.81
12/03/13	10/01/13 – 10/31/13	\$53,937.00	\$3,200.42	\$43,149.60	\$3,200.42	\$10,787.40
12/19/13	11/01/13 – 11/30/13	\$25,690.05	\$1,504.29	\$20,552.04	\$1,504.29	\$5,138.01
1/31/14	12/01/13 – 12/17/13	\$14,400.45	\$1,608.40	\$11,520.36	\$1,608.40	\$2,880.09
<b>TOTAL</b>	09/1/13 – 12/17/13	\$165,671.55	\$12,386.44	\$132,537.24	\$12,386.44	\$33,134.31

**Summary of Previous Interim Applications:**

Interim Application	Application Period	Requested Fees	Requested Expenses	Fees Paid	Expenses Paid	Fees and Expenses Awarded by the Court	Fees Remaining Unpaid	Expenses Remaining Unpaid
First	05/15/12 – 08/31/12	\$1,242,804.45	\$124,486.44	\$1,242,804.45	\$101,798.87	\$1,242,804.45	\$0	\$0
Second	9/01/12 – 12/31/12	\$1,144,734.04	\$218,413.27 <sup>1</sup>	\$1,137,187.54	\$116,390.15	\$1,355,376.56	\$0	\$0
Third	1/01/13 – 4/30/13	\$513,814.80	\$44,994.41	\$458,031.91	\$44,973.00	\$553,921.00	\$50,916.09	\$0
Fourth	5/01/13 – 8/31/13	\$271,728.85	\$21,965.03	\$240,055.96	\$21,965.03	\$288,693.88	\$26,672.89	\$0

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<sup>1</sup> Representing \$101,798.87 for the First Application Period and \$116,614.40 for the Second Application Period.

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**FINAL APPLICATION OF SEVERSON & WERSON, P.C. AS SPECIAL CALIFORNIA  
LITIGATION COUNSEL FOR DEBTORS FOR ALLOWANCE OF PRIOR INTERIM  
FEES AND EXPENSES (FROM MAY 14, 2012 THROUGH AUGUST 13, 2013) ON A  
FINAL BASIS AND FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES  
INCURRED FOR THE TIME PERIOD  
BETWEEN SEPTEMBER 1, 2013 AND DECEMBER 17, 2013**

Severson & Werson, P.C. (“**Applicant**”), Special California Litigation Counsel to Residential Capital, LLC., *et al.*, as debtors and debtors in possession (collectively, the “**Debtors**”) submits its final application for compensation and reimbursement of expenses (the “**Final Application**”) seeking compensation and reimbursement of expenses incurred for the period September 1, 2013 through December 17, 2013 (the “**Final Application Period**”) in the amount of \$178,057.99 and seeking allowance of prior interim fees and expenses including the Final Application Period from May 14, 2012 through December 17, 2014 on a final basis (the

“**Aggregate Compensation Period**”) in the amount of 3,380,630.44.<sup>1</sup> In support of the Final Application, Applicant respectfully represents as follows:

**JURISDICTION, VENUE AND STATUTORY PREDICATES**

1. This Court has jurisdiction over this Final Application pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of this proceeding and this Final Application in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory bases for the relief requested herein are sections 330, 331, and 1103 of title 11 of the United States Code (the “**Bankruptcy Code**”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rule 2016-1 of the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the “**Local Rules**”). This Final Application has been prepared in accordance with General Order M-447, *Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases*, entered January 29, 2013 (the “**Local Guidelines**”), and the *United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330* effective January 30, 1996 (the “**UST Guidelines**” and,

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<sup>1</sup> The amount sought for the Aggregate Compensation Period consists of: a) compensation for professional services rendered during the Final Application Period (September 1, 2013 through December 17, 2013) in the amount of \$165,671.55 and reimbursement of expenses incurred during the Final Application Period in the amount of \$12,386.44, which amounts are fully described in this Final Application; and b) compensation for prior professional services rendered during the time period May 14, 2012 through August 31, 2013 in the amount of \$3,155,668.84 and reimbursement of expenses incurred during the time period May 14, 2012 through August 31, 2013 in the amount of \$285,127.05, which amounts were approved by the Court on an interim basis in connection with Applicant’s first, second, third and fourth interim applications as further described herein.

together with the Local Guidelines, the “**Guidelines**”). Pursuant to the Local Guidelines, a certification regarding compliance with the Local Guidelines is attached hereto as Exhibit A.

### **BACKGROUND**

#### **A. The Chapter 11 Cases**

3. On May 14, 2012 (the “**Petition Date**”), each of the Debtors filed a voluntary petition in this Court for relief under Chapter 11 of the Bankruptcy Code. The Debtors are managing and operating their businesses as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108. These cases are being jointly administered pursuant to Bankruptcy Rule 1015(b). No trustee has been appointed in these Chapter 11 cases.

4. On May 16, 2012, the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”) appointed a nine member official committee of unsecured creditors (the “**Creditors’ Committee**”).

5. On June 20, 2012, the Court directed that an examiner be appointed, and on July 3, 2012, the Court approved Arthur J. Gonzalez as the examiner [Docket Nos. 454, 674].

6. On December 11, 2013, the Court entered the *Order Confirming Second Amended Joint Chapter 11 Plan Proposed by Residential Capital, LLC et al. and the Official Committee of Unsecured Creditors* (the “Confirmation Order”) approving the terms of the Chapter 11 plan, as amended (the “Plan”), filed in these Chapter 11 Cases [Docket No. 6065]. On December 17, 2013, the Effective Date (as such term is defined in the Plan) of the Plan occurred, and, among other things, the deadline for filing and serving all final fee applications was established [Docket No. 6137].

**B. Applicant's Retention and Interim Compensation**

6. On July 25, 2012, the Court entered the *Order Under Section 327(c) of the Bankruptcy Code, Bankruptcy Rule 2014(a) and Local Rule 2014-1 Authorizing the Employment and Retention of Severson & Werson PC as Special California Litigation Counsel to the Debtors, Nunc Pro Tunc to May 14, 2012* [Docket No. 905], approving Applicant's retention.

7. On July 17, 2012, the Court entered the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* (the "**Interim Compensation Order**") [Docket No. 797]. Pursuant to the terms of the Interim Compensation Order, Applicant, among others, is authorized to file and submit monthly fee applications to the Debtors and their counsel, counsel for the Creditors' Committee, counsel for Ally Financial Inc., counsel for Barclays Bank PLC, and the United States Trustee (collectively, the "**Notice Parties**").

8. On October 17, 2012, Applicant filed its *First Interim Fee Application of Severson & Werson, P.C. as Special California Litigation Counsel for Debtors for Compensation and Reimbursement of Expenses Incurred for the Time Period May 15, 2012 through August 31, 2012* (the "**First Interim Fee Application**") [Docket No. 1850].

9. On December 28, 2012, the Court entered the *Order Granting Applications for Allowance of Interim Compensation and Reimbursement of Expenses* (the "**Order Granting First Interim Fee Application**") [Docket No. 2530].

10. Under the terms of the Order Granting First Interim Fee Application, the Court allowed the interim compensation requested in the First Interim Fee Application in the total amount of \$1,242,804.45. However, the Court deferred ruling on the interim expenses requested



in the amount of \$124,486.44 to the hearing on Applicant's Second Application.<sup>2</sup> Pursuant to the terms of the Order Granting First Interim Fee Application and the terms of the Order Granting Third Interim Fee Application, Applicant has been paid \$1,344,602.87.

11. On March 14, 2013, Applicant filed its *Second Interim Fee Application of Severson & Werson, P.C. as Special California Litigation Counsel for Debtors for Compensation and Reimbursement of Expenses Incurred for the Time Period between September 1, 2012 through December 31, 2012 and for Reimbursement of Expenses Incurred for the Time Period between May 15, 2012 through August 31, 2012* (the "**Second Interim Fee Application**") [Docket No. 3192].

12. On April 29, 2013, the Court entered the *Order Granting Applications for Allowance of Interim Compensation and Reimbursement of Expenses* (the "**Order Granting Second Interim Fee Application**") [Docket No. 3556].

13. Under the terms of the Order Granting Second Interim Fee Application, the Court allowed the interim compensation requested in the Second Interim Fee Application in the total amount of \$1,137,187.54 and reimbursement of expenses in the amount of \$218,189.02.<sup>3</sup> Pursuant to the terms of the Order Granting Second Interim Fee Application and the terms of the Order Granting Third Interim Fee Application, Applicant has been paid \$1,253,577.69.

14. On August 1, 2013, Applicant filed its *Third Interim Fee Application of Severson & Werson, P.C. as Special California Litigation Counsel for Debtors for Compensation and*

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<sup>2</sup> Expenses in the amount of \$101,798.87 were ultimately approved.

<sup>3</sup> Representing \$101,798.87 for the First Application Period and \$116,390.15 for the Second Application Period.

*Reimbursement of Expenses Incurred for the Time Period between January 1, 2013 through April 30, 2013* (the “**Third Interim Fee Application**”) [Docket No. 4458].

15. On September 25, 2013, the Court entered the *Order Granting Applications for Allowance of Interim Compensation and Reimbursement of Expenses* (the “**Order Granting Third Interim Fee Application**”) [Docket No. 5205].

16. Under the terms of the Order Granting Third Interim Fee Application, the Court allowed the interim compensation requested in the Third Interim Fee Application in the total amount of \$508,948.00 and reimbursement of expenses in the amount of \$44,973.00. Pursuant to the terms of the Order Granting Third Interim Fee Application, Applicant has been paid \$503,004.91 representing the interim compensation allowed, less 10% holdback, plus the expenses allowed in the Third Interim Fee Application. Pursuant to the terms of the Order Granting Third Interim Fee Application, Applicant has also been paid \$237,999.20 representing the 10% holdback of the fees allowed in the First and Second Interim Fee Applications.

17. On October 23, 2013, Applicant filed its *Fourth Interim Fee Application of Severson & Werson, P.C. as Special California Litigation Counsel for Debtors for Compensation and Reimbursement of Expenses Incurred for the Time Period between May 1, 2013 through August 31, 2013* (the “**Fourth Interim Fee Application**”) [Docket No. 5450].

18. On December 26, 2013, the Court entered the *Order Granting Applications for Allowance of Interim Compensation and Reimbursement of Expenses* (the “**Order Granting Fourth Interim Fee Application**”) [Docket No. 6193].

19. Under the terms of the Order Granting Fourth Interim Fee Application, the Court allowed the interim compensation requested in the Fourth Interim Fee Application in the total amount of \$266,728.85 and reimbursement of expenses in the amount of \$21,965.03. Pursuant

to the terms of the Order Granting Fourth Interim Fee Application, Applicant has been paid \$262,020.99 representing the interim compensation allowed, less 10% holdback, plus the expenses allowed in the Fourth Interim Fee Application.

20. On November 1, 2013, Applicant served its sixteenth monthly fee application covering the period from September 1, 2013 through September 30, 2013 (the “**Sixteenth Monthly Fee Application**”) on the Notice Parties. On December 3, 2013, Applicant served its seventeenth monthly fee application covering the period from October 1, 2013 through October 31, 2013 (the “**Seventeenth Monthly Fee Application**”) on the Notice Parties. On December 19, 2013, Applicant served its eighteenth monthly fee application covering the period from November 1, 2013 through November 30, 2013 (the “**Eighteenth Monthly Fee Application**”) on the Notice Parties. On January 31, 2014, Applicant served its nineteenth monthly fee application covering the period from December 1, 2013 through December 17, 2013 (the “**Nineteenth Monthly Fee Application**” and together with the Sixteenth Monthly Fee Application, the Seventeenth Monthly Fee Application and the Eighteenth Monthly Fee Application, the “**Monthly Fee Applications**”) on the Notice Parties. Applicant did not receive any objections to the Monthly Fee Applications.

21. For the convenience of this Court and all parties in interest, attached hereto as Exhibit B is a schedule of the total amount of fees incurred under each of Applicant’s internal task codes during the Final Application Period.

22. The total payments authorized by the terms of the Interim Compensation Order as of the date hereof are equal to: (i) 80% of requested compensation from the Monthly Fee Applications (\$132,537.24) and (ii) 100% of requested expenses (\$12,386.44) from the Monthly

Fee Applications. To date, the Applicant has received payments totaling \$115,058.56, representing \$104,381.13 in fees and \$10,677.43 in expenses for the Final Application Period.

23. Applicant maintains computerized records of the time expended in the rendering of the professional services required by the Committee. These records are maintained in the ordinary course of Applicant's practice. For the convenience of this Court and all parties in interest, attached hereto as Exhibit C is a billing summary for the Final Application Period, setting forth the name of each attorney and paraprofessional who rendered services during the Final Application Period, each attorney's year of bar admission and area of practice concentration, the aggregate time expended by each attorney and each paraprofessional, the hourly billing rate for each attorney and each paraprofessional at Applicant's current billing rates, and the individual amounts requested for each professional. The compensation requested by Applicant is based on the customary compensation charged by comparably skilled practitioners in other similar cases.

24. Applicant also maintains computerized records of all expenses incurred in connection with the performance of professional services. A summary of the amounts and categories of expenses for which reimbursement is sought for the Final Application Period is attached hereto as Exhibit D.<sup>4</sup>

25. Copies of Applicant's computerized records of fees and expenses in the format specified by the Guidelines have been served on the Notice Parties with each of the Monthly Fee Applications and are attached hereto as Exhibit E.<sup>5</sup>

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<sup>4</sup> A spreadsheet of all expenses requested for the Final Application Period, categorized by invoice number, is also part of Exhibit D.

<sup>5</sup> On average, Applicant performed services on behalf of one or more of the Debtor entities with respect to approximately 30 different litigation matters in California for each Monthly Fee (footnote continued)

26. There is no agreement or understanding between Applicant and any other person, other than members of the firm, for the sharing of compensation to be received for services rendered to the Debtors.

27. The Monthly Fee Applications submitted by Applicant are subject to a 20% holdback (as is customary in this District) imposed by the Court on the allowance of fees. The aggregate amount of Applicant's holdback during the Final Application Period is \$33,134.31. Applicant respectfully requests, in connection with the relief requested herein, that the Court allow this holdback amount on final basis pursuant to sections 330 and 331 of the Bankruptcy Code and authorize the Debtors to satisfy such amounts.

**DESCRIPTION OF SERVICES AND  
EXPENSES AND RELIEF REQUESTED**

28. In general, Applicant has represented the Debtors in connection with litigation in California where Applicant:

- (a) defended claims brought in California by individual borrowers pertaining to consumer lending issues, including, but not limited to, allegations of wrongful foreclosure, irregularities in the foreclosure process, violation of applicable statutes related to pre-foreclosure requirements, breach of alleged oral modification, breach of promises to forebear from foreclosing, quiet title and partition actions, unfair business practices act claims and other mortgage lending issues;
- (b) defended class action claims regarding alleging improprieties with loan origination and/or servicing;
- (c) defended mass tort actions and qui tam actions raising document recording issues and relating to the utilization of Mortgage Electronic Registration Systems services;
- (d) defended claims objections, contested relief from stay motions and adversary proceedings related to consumer lending issues brought by

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Application period. Thus, approximately 30 invoices were attached to each Monthly Fee Application (total 119 invoices for the four month period).

individual borrowers in their respective bankruptcy cases pending in California; and

29. To provide an orderly and meaningful summary of the services rendered by Applicant on behalf of the Debtors during the Final Application Period, Applicant established, in accordance with the Guidelines and its internal billing procedures, separate task codes in connection with the litigation matters it defended in California. The following is a summary of the most significant professional services rendered by Applicant on behalf of one or more of the Debtor entities with respect to numerous litigation matters in California during the Final Application Period organized in accordance with Applicant's internal system of task codes:<sup>6</sup>

(a) Fact Investigation/Development – Task Code L110.

**Fees: \$9,487.00; Total Hours: 35.8**

(b) Analysis/Strategy – Task Code L120.

**Fees: \$32,118.00; Total Hours: 121.2**

(c) Document/File Management – Task Code L140.

**Fees: \$1,305.00; Total Hours: 8.7**

(d) Settlement/Non-Binding ADR – Task Code L160.

**Fees: \$12,208.00; Total Hours: 43.6**

(e) Other Case Assessment – Task Code L190.

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<sup>6</sup> On average, Applicant performed services on behalf of one or more of the Debtor entities with respect to 30 different litigation matters in California for each Monthly Fee Application period.

**Fees: \$9,486.00; Total Hours: 30.6**

(f) Pleadings – Task Code L210.

**Fees: \$14,925.00; Total Hours: 59.7**

(g) Court Mandated Conferences – Task Code L230.

**Fees: \$4,637.40; Total Hours: 17.7**

(h) Dispositive Motions – Task Code L240.

**Fees: \$25,201.50; Total Hours: 95.1**

(i) Other Written Motions – Task Code L250.

**Fees: \$14,728.00; Total Hours: 52.6**

(j) Written Discovery – Task Code L310.

**Fees: \$2,958.00; Total Hours: 11.6**

(k) Discovery Motions – Task Code L350.

**Fees: \$570.00; Total Hours: 1.9**

(l) Other Discovery – Task Code L390.

**Fees: \$115.50; Total Hours: 1.1**

(m) Fact Witnesses – Task Code L410.

**Fees: \$3,417.60; Total Hours: 12.8**

(n) Written Motions/Submission – Task Code L430.

**Fees: \$952.00; Total Hours: 3.4**

(o) Other Trial Preparation – Task Code L440.

**Fees: \$8,433.40; Total Hours: 29.8**

(p) Trial and Hearing Attendance – Task Code L450.

**Fees: \$8,586.00; Total Hours: 31.8**

(q) Post-Trial Motions and Submissions – Task Code L460.

**Fees: \$10,962.00; Total Hours: 34.8**

(r) Appellate Motions and Submissions – Task Code L510.

**Fees: \$605.00; Total Hours: 2.2**

(s) Appellate Briefs – Task Code L520.

**Fees: \$4,976.15; Total Hours: 17.8**

30. The foregoing descriptions of services rendered by Applicant in specific areas are not intended to be exhaustive of the scope of Applicant's activities in the various California litigation matters for which Applicant performed services on behalf of one or more of the Debtor entities during the Final Application Period. Applicant's time records which have been served on the Notice Parties and are attached hereto as Exhibit E present more completely the work performed by Applicant in each billing category during the Final Application Period.

#### **CONCLUSION**

31. Applicant believes that the services rendered during the Final Application Period and all previous application periods on behalf of the Debtors were reasonable and necessary



within the meaning of Bankruptcy Code section 330. Further, the expenses requested for the Final Application Period and all previous application periods were actual and necessary to the performance of Applicant's services.

32. Applicant therefore requests an order (i) approving compensation for the Final Application Period in the amount of \$165,671.55, reimbursement of expenses for the Final Application Period in the amount of \$12,386.44,<sup>7</sup> (ii) approving total compensation in the amount of \$3,321,340.39 and total expenses in the amount of \$297,513.49 (which include the fees and expenses sought for the Final Application Period) from May 14, 2012 through December 17, 2014 on a final basis, (iii) directing payment of all compensation held back in connection with the Third Interim Fee Application, the Fourth Interim Fee Application and the Monthly Fee Applications, and (iv) granting such other and further relief as may be just and proper.

DATED: February 28, 2014

SEVERSON & WERSON  
A Professional Corporation

By: /s/ Donald H. Cram  
Donald H. Cram  
*Special California Litigation Counsel for  
Residential Capital, LLC, et al.*

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<sup>7</sup> The rates charged for such expenses are (i) equivalent to what Applicant normally bills to its non-bankruptcy clients and (ii) calculated to compensate Applicant for only the actual costs of the expenses.